

6_7542-23375-1-LE_Turnitin

by Jurnal HES

Submission date: 10-Dec-2023 02:12AM (UTC+0700)

Submission ID: 2251207106

File name: 6_7542-23375-1-LE.pdf (480.14K)

Word count: 11445

Character count: 66284

BUDGETING FROM AN ISLAMIC GREEN ECONOMY PERSPECTIVE IN LOCAL DEVELOPMENT

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DOI: 10.21154/invest.v3i2.7542

Received: 2023-11-02

Revised: 2023-12-02

Approved: 2023-12-04

Abstract: Global climate change and environmental problems significantly threaten the Earth's ability to support human needs and well-being. This crisis is exacerbated by increased economic development activities that rely heavily on exploiting natural resources. Indonesia, facing similar challenges, requires implementing a sustainable and environmentally friendly economic model. This study examines budgeting in the context of local government budget documents and regional development reports, focusing on integrating green economic principles in the Mataraman region of East Java, Indonesia. The research uses a qualitative approach to examine local government budget and economic development reports from Madiun City and Ponorogo Regency. It involves a comprehensive analysis of both primary and secondary sources related to local development and budgeting. The findings aim to contribute to promoting and accelerating green economic development in the region, thereby influencing the allocation of resources to foster an inclusive and prosperous community.

Keywords: *budgeting, green economy, local development, sustainable development*

Abstrak: Perubahan iklim global dan masalah lingkungan secara signifikan mengancam kemampuan bumi untuk mendukung kebutuhan dan kesejahteraan manusia. Krisis ini diperparah dengan meningkatnya kegiatan pembangunan ekonomi yang sangat bergantung pada eksploitasi sumber daya alam. Indonesia, yang menghadapi tantangan serupa, perlu menerapkan model ekonomi yang berkelanjutan dan ramah lingkungan. Penelitian ini mengkaji penganggaran dalam konteks dokumen anggaran pemerintah daerah dan laporan pembangunan daerah, dengan fokus pada pengintegrasian prinsip-prinsip ekonomi hijau di wilayah Mataraman, Jawa Timur, Indonesia. Penelitian ini menggunakan pendekatan kualitatif untuk mengkaji anggaran pemerintah daerah dan laporan pembangunan ekonomi dari Kota Madiun dan Kabupaten Ponorogo. Penelitian ini melibatkan analisis komprehensif terhadap sumber-sumber primer dan sekunder yang terkait dengan pembangunan dan penganggaran daerah. Temuan penelitian ini bertujuan untuk berkontribusi dalam mempromosikan dan mempercepat pembangunan ekonomi hijau di wilayah tersebut, sehingga dapat mempengaruhi alokasi sumber daya untuk mendorong masyarakat yang inklusif dan sejahtera.

Kata kunci: *ekonomi hijau, pembangunan daerah, pembangunan berkelanjutan, penganggaran*

INTRODUCTION

Globalization has profoundly reshaped human life, with “business as usual” development, a significant outcome, driving today's climate and environmental crises. This has led to a domino effect of food and water shortages, commodity and energy price volatility, uncontrolled pollution, increased greenhouse gas emissions, damage to human health, income inequality, and chronic fiscal imbalances across developed and developing nations¹. In Indonesia, these global challenges manifest in high poverty and hunger rates, alongside low school enrollment²³.

The situation is further complicated by the threat of a global economic recession, which the Covid-19 pandemic has exacerbated⁴. Given its interconnected nature, addressing this systemic global crisis requires a holistic approach. Unfortunately, our current economic system, defined by specific rules and norms, often promotes overconsumption, weakens communal bonds, and fails to balance environmental and social objectives effectively.

A more inclusive and sustainable economic vision is essential in response to these challenges. This vision is explored through various scholarly studies. Research by scholars like Olivia Bina⁵ examines the relationship between the environmental crisis and the emergence of the 'greening' movement, seeking to understand its implications for sustainable development in the 21st century. Sergey et al, explore the transformation of Russia's economy, highlighting the unbalanced economic development across its regions and underscoring the need for a green economy transition⁶.

Complementing these insights, Carmen Elena Stoenoiu's research thoroughly analyzes sustainable development indicators linked to SDG-9. Her study assesses the progress of eight Eastern European countries from 2013 to 2019, tracking advancements in quality infrastructure, sustainable industrialization, research,

¹ Ramadhan Harisman, "Green growth in the G20 and Indonesia's strategy," 2012, <https://fiskal.kemenkeu.go.id/>; Oka A. Yoeti and I. Made Adhi Gunadi, "Sustainable Tourism as a Strategic Instrument in Development Planning An Analysis of Sustainable Tourism Destination1, no. 1 (2013): 37-44.

² Oekan S. Abdoellah, *Sustainable Development in Indonesia: At the Crossroads* (Jakarta: Gramedia Pustaka Utama, 2016).

³ Makr¹² Makmun, "Green Economy: Concept, Implementation and the Role of the Minis⁴¹ of Finance," *Journal of Economics and Development* 19, no. 2 (2011): 1-15, <https://doi.org/10.14203/JEP.19.2.2011.1-15>.

⁴ Rumanintya Lisaria Putri et al., "Green Ec⁴²omy and Low Carbon Development Drive National Economic Growth and Improve Social Welfare," *Journal of Finance, Economics and Business* 1, no. 2 (May 30, 2023) 22: 7-85, <https://doi.org/10.59827/jfeb.v1i2.67>.

⁵ Olivia Bina, "The Green Economy and Sustainable Development: An Uneasy Balance?" *Environment and Planning C: Government and Policy* 31, no. 6 (December 1, 2013): 1023-47, <https://doi.org/10.1068/c1310j>.

⁶ Sergey N. Bobylev, Olga V. Kudryavtseva, and Yekaterina Yu Yakovleva, "Green Economy: Regional Priorities," *R-Economy* 1, no. 2 (2015): 268-79, <https://doi.org/10.15826/recon.2015.2.010>.

innovation, and resilient infrastructure. Using three validated working hypotheses, the study categorizes the countries based on their sustainable development achievements, differentiating those with significant, moderate, and minimal progress⁷.

Furthermore, studies by Mosteanu and Ong explore the role of the green economy in regional development. These papers emphasize the importance of sustainable green economic development for regional prosperity and highlight the potential of green sectors and supply chains⁸. Ong's study, in particular, focuses on the economic potential inherent within the green sector. It underscores the necessity of strengthening and expanding the network of green vendors and supply chains. This approach is essential for realizing the full potential of green economic initiatives and ensuring their effective integration into the broader economic fabric⁹.

In addition, Salman et al. argue that a green economy, energy saving, and innovation can address the imbalances caused by human activities in different regions¹⁰. David Gibbs & Kirstie O'Neill also highlight a significant gap in the regional studies literature regarding the environmental agenda, indicating a need for more research on the role of regions in promoting a green economy¹¹.

Research in the Islamic green economy, such as that by Wiratama¹² and Vaghefi¹³, illuminates the potential of Islamic economics in supporting sustainability and green growth. Azizah¹⁴ emphasizes the significance of Islamic social capital and business ethics in promoting an environmentally conscious economy.

Building on these perspectives, this study focuses on the Indonesian context and examines how environmental problems and climate change can be addressed by

⁷ Carmen Elena Senoiu, "Sustainable Development-A Path to a Better Future," *Sustainability* 14, no. 15 (17 January 2022): 9192, <https://doi.org/10.3390/su14159192>.

⁸ Narcisa Roxana Moşteanu, "Green Sustainable Regional Development and Digital Era," in *Green Buildings and Renewable Energy*, ed. by Ali Sayigh, Innovative Renewable Energy (Cham: Springer International Publishing, 2020), 181-97, https://doi.org/10.1007/978-3-030-30841-4_13.

⁹ P. Ong and R. V. Patraporn, "The Economic Development Potential of the Green Sector," 2006, <https://www.semanticscholar.org/paper/>

¹⁰ K. A. Salman, M. M. Suleymanov, and Sh. Isaeva, "Economic Policy and Sustainable Development of Regions," ed. by A. Salamova, *SHS Web of Conferences* 172 (2023): 02015, <https://doi.org/10.1051/shsconf/202317202015>.

¹¹ David Gibbs and Kirstie O'Neill, "Future green economies and regional development: a research agenda," *Regional Studies* 51, no. 1 (January 2, 2017): 161-73, <https://doi.org/10.1080/00343404.2016.1255719>.

¹² Budhi Fatanza Wiratama and Zasya Safitri, "Is Islamic Economy that Green?" *Al-Muzara'ah* 11, no. 1 (June 26, 2023): 103-18, <https://doi.org/10.29244/jam.11.1.103-118>.

¹³ Negin Vaghefi, Chamhuri Siwar, and Sarah Aziz Abdul Ghani Aziz, "Green Economy: Issues, Approaches and Challenges in Muslim Countries," *Theoretical Economics Letters* 05, no. 01 (2015): 28-35, <https://doi.org/10.4236/tel.2015.51006>.

¹⁴ Mabarroh Azizah and Hariyanto Hariyanto, "Implementation of Islamic Business Ethics on the Concept of Green Economics," *Supremasi Hukum: Journal of Legal Studies* 10, no. 2 (December 31, 2021): 237, <https://doi.org/10.14421/sh.v10i2.2392>.

implementing a green economy. This includes analyzing the allocation of funds for green development in the national budget (APBN) and local government budget (APBD). This means central and regional regulations must allocate a particular budget for the green economy. The current government funding for green development is no less than 13% of the budget requirement¹⁵. In addition, Finance Minister Sri Mulyani has also instructed regional heads to direct the preparation of the APBD to align with the direction of fiscal policy and national priority programs whose central point is environmentally friendly development or green economy¹⁶.

This research stands out for its unique focus on regional budgets, specifically those outlined in the local government budget and Local Development Planning Agency documents, through the lens of Islamic development economics. It aims to ascertain the extent to which green economic principles are integrated into regional budgeting practices. To gain a preliminary understanding of regional responses to the green economy, the study will concentrate on the Mataraman region in East Java. It will analyze the APBD development reports from the Madiun city government and Ponorogo Regency, providing a nuanced understanding of how these regions are navigating the challenges and opportunities presented by green economic development.

⁶⁰ This study employs a qualitative research approach. The choice of a qualitative methodology is driven by the aim to deeply explore and understand phenomena within their natural social contexts. This approach facilitates an in-depth interaction between the researcher and the subjects and objects of the study¹⁷. Data collection focused on primary and secondary sources pertinent to the local government budget (APBD) and development reports of the local governments in Madiun City and Ponorogo Regency.

The data collection techniques employed in this study included document analysis, observations, and interviews. Document analysis involved gathering written materials relevant to the research topic. Observations and interviews were conducted within the local government settings of the two selected regions. These methods aimed to gather information, responses, and explanations regarding regional budgeting from a green economy perspective. ¹⁷ parties and stakeholders involved in this process included representatives from the Regional Development Planning Agency (Bappeda), members of the legislative budget committee in the Regional

¹⁵ Verda Nano Setiawan, "Bappenas: Rp306 T Needed for Green and Low Carbon Economy," August 2021, <https://katadata.co.id/yuliiawati/ekonomi-hijau/61233c6d37450/bappenas-kebutuhan-dana-untuk-ekonomi-hijau-dan-rendah-karbon-rp306-t>.

¹⁶ Ihsan Emerald Alamsyah, "Sri Mulyani Asks APBD to Align with National Priority Programs," *Republika Online*, 18 June 2022, <https://republika.co.id/share/rdnhcg349>.

¹⁷ Sugiyono, *Understanding Qualitative Research Methods* (Bandung: Alfabeta, 2014).

People's Representative Council (DPRD), environmental activists, and various social and religious institutions.

Regarding informant selection, the study utilized a purposive sampling technique¹⁸. This approach was chosen to ensure the inclusion of individuals and groups most relevant to the study's objectives, thereby facilitating a comprehensive understanding of the green economy's integration into regional budgeting practices.

DISCUSSION

1.1 Exploring the Islamic Green Economy in Development

The concept of the green economy, a relatively new formulation, integrates environmental sustainability with economic activity in development processes. This approach does not compromise environmental integrity while fostering economic growth¹⁹. The ideal realization of a green economy seeks a balance across various indicators, such as enhancing and preserving environmental quality, expanding access to economic and political activities, improving public services and infrastructure across provinces, and fostering leading sectors to address economic disparities between regions²⁰.

Implicitly, the ethos of the green economy resonates with Indonesia's constitutional principles of sustainable development, as outlined in Article 33, paragraph (4) of the 1945 Constitution. This article advocates for an economy organized on the principles of efficiency, justice, sustainability, environmental soundness, independence, and balanced development progress, emphasizing national economic unity.

The transition towards a green economy is envisaged to advance social equality and human potential development²¹. As noted by Sri Adiningsih, a green economy should aim to enhance societal welfare and equality while significantly reducing environmental risks. It can be perceived as an economic model that minimizes pollution, conserves natural resources, and promotes social justice.²² For a visual representation of this concept, see Figure 1.

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¹⁸ Mathew B. Miles and A. Michael Huberman, *Qualitative Data Analysis* (Jakarta: UI Press, 1992).

¹⁹ Abdoellah, *Sustainable Development in Indonesia*.

²⁰ Jaka Aminata, Dzulfikar Ilham Kusuma Nusantara, and Indah Susilowati, "The Analysis of Inclusive Green Growth In Indonesia," *Journal of Economics & Development Studies* 23, no. 1 (April 27

²¹ Pylev, Kudryavtseva, and Yakovleva, "Green Economy."

²² Paul Krugman, "Building a green economy," *New York Times* 5 (2019); Satria Ardhi N, "Green Economy is the 'Right Way' - Universitas Gadjah Mada," accessed June 20, 2022, <https://ugm.ac.id/id/berita/22610-green-economy-adalah-jalan-yang-benar/>.



Figure 1. Green economy concept

According to this, sustainable development, as illustrated in Figure 1, is considered to be achievable when its economic dimensions, in particular growth, are consistent with long-term interests, including environmental sustainability, socio-cultural considerations, and national security²³. The pillars of sustainable development-environment, economic growth, and social equity-are inextricably linked in a complex interplay²⁴. This concept also entails the internalization of the environmental impacts of all social and economic activities, which means that such activities must avoid, mitigate or account for their environmental impacts in order to support life in a sustainable manner²⁵.

According to Yuyu Jahratu Noor Santy et al,²⁶ a comparative study reveals a distinct gap in the green economy discourse between Indonesia and other countries. Globally, discussions often focus on developmental aspects, whereas in Indonesia, the emphasis is more on energy-related issues. For instance, in Central Kalimantan, green economy initiatives concentrate on reducing greenhouse gas emissions, improving air quality, developing eco-friendly infrastructure, enhancing natural resource availability, increasing community welfare, and boosting economic competitiveness²⁷.

In Kediri City, the implementation of a green economy to achieve sustainable development faces challenges such as the increase in factory numbers, leading to higher waste volumes and subsequent environmental issues. Addressing these requires effective waste management through programs like 3R (reduce, reuse, and

²³ Abdoellah, *Sustainable Development in Indonesia*.

²⁴ Budi Winarno, *Development ethics* (Yogyakarta: Ceps Publishing, 2013).

²⁵ Zaili Rusli, Dadang Mashur, and Adiando, *Sustainable Development in the Frame of Regional Autonomy* 31 Pekanbaru: Taman Karya, 2020).

²⁶ Yuyu Jahratu Noor Santy and Mochamad Doddy Syahirul Alam, "Implementation of Green Economic Development 31 in the Last Decade: A Systematic Review," *Proceedings of National Seminar 1* (September 29, 2022): 297–309, <https://doi.org/10.54683/puppr.v1i0.31>.

²⁷ Wita Susila and Alexandra Hukom, "Potential Implementation of Green Economy in Central Kalimantan," *Trending: Journal of Management and Economics* 1, no. 2 (April 11, 2023): 239–48, <https://doi.org/10.30640/trending.v1i2.908>.

recycle)²⁸. Bojonegoro's approach to green economy-based regional development, aiming to fulfill the vision of Golden Indonesia 2045, reflects Indonesia's broader governmental policies geared towards enhancing technological innovation in renewable energy.

Ideal sustainable development, particularly in the context of inclusive regional growth, targets basic service provision and the enhancement of healthy urban ecosystems in urban areas, contributing to human welfare. In rural settings, it aims to establish sustainable agrarian ecosystems.

Achieving sustainable development at the regional level requires a balanced coordination of three main pillars - social equity, economic growth and environmental protection. The interdependence of these pillars forms the foundation of a sustainable ecosystem, as illustrated in Figure 2.

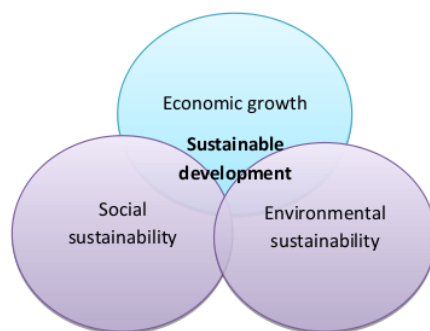


Figure 2. Concept of Sustainable Development

Directly related to Figure 2, the three pillars of sustainable development function in unity, each contributing to the others, making balance a key indicator of success. This interconnectedness implies that effective implementation of these pillars in various dimensions of development ensures their continuous fulfillment, weaving together the fabric of a sustainable ecosystem.

In the Islamic context, development is fundamentally oriented towards human welfare, focusing on the protection of the five aspects of maqasid sharia: religion, life, intellect, offspring and property. Therefore, in the pursuit of an Islamic green economy, local governments, as the vanguard of national development, play a crucial role through responsive budgeting. However, not all regions in Indonesia have fully embraced the concept of green economy. The cornerstone for promoting local governments committed to a green economy lies in green leadership. Key elements of the green economy that can be adapted regionally include low-carbon initiatives, green growth, green technology, green energy, green industry, green products, green

²⁸ Dewi Wungkus Anta⁴³i, "Implementation of Green Economy towards Sustainable Development 5, no. 2 (February 7, 2020): 80–88, <https://doi.org/10.35906/jep01.v5i2.402>.

living, and green management. In addition, a study by Jaka Aminata et al. points out that Indonesia's green economy growth has been relatively sluggish over the past three years, underscoring the urgency of immediate improvement²⁹.

1.2 Budgeting for sustainable regional development: An overview of Ponorogo and Madiun City

Ponorogo district consists of 21 sub-districts, including Ngrayun, Slahung, Bungkal, Sambit, Sawo, Sooko, Pudak, Pulung, Mlarak, Siman, Jetis, Balong, Kauman, Jambon, Badegan, Sampung, Sukorejo, Ponorogo, Babadan, Jenangan and Ngebel. The area of Ponorogo Regency is 1,371.78 km². Ponorogo Regency is located between 7° 49' and 8° 20' south latitude and 111° 7' and 111° 52' east longitude. Its administrative boundaries are as follows: Magetan, Madiun and Nganjuk Regencies to the north; Tulungagung and Trenggalek Regencies to the east; Pacitan Regency to the south; and Pacitan and Wonogiri Regencies (Central Java Province) to the west³⁰.

Based on statistical data, Ngrayun sub-district is the largest with an area of 184.76 km². Slahung has the most villages (22 in total) and Pulung sub-district has the most hamlets (67 in total). Ponorogo sub-district is the smallest, covering 22.31 km², and Sooko and Pudak sub-districts have the fewest villages (6 each). Pudak sub-district has the smallest population.

The regional development potential of Ponorogo Regency focuses on agropolitan, agroforestry and tourism areas. The designation of areas as agropolitan, agrotourism, and agroforestry is based on various factors, including the availability of infrastructure, high productivity and development potential, economic value, and rapid growth. Geographically, Ponorogo Regency is predominantly agrarian, with rice fields accounting for 19.9% of the total area, excluding fisheries, livestock and plantations.

According to BPS projections for 2020, the total population of Ponorogo Regency is 875,950, with 437,798 male and 438,152 female residents, resulting in a population density of 638 people/km². The sex ratio is 99.92, indicating an almost equal distribution of males and females.

The economy of Ponorogo Regency, based on the Gross Regional Domestic Product (GRDP) in 2022, reached IDR 23.03 trillion at current prices and IDR 15.09 trillion at constant 2010 prices. The region will experience economic growth of 3.24 percent in 2022, with the highest growth in transport and storage (18.30 percent), followed by other services (13.03 percent) and manufacturing (11.05 percent). The

²⁹ Aminata, Nusantara, and Susilowati, "The Analysis of Inclusive Green Growth in Indonesia."

³⁰ Ponorogo, *Ponorogo in Figures*, Central Bureau of Statistics, 2023.

consumption component of non-profit institutions serving households will grow by 7.24 percent³¹.

The Ponorogo district government plays an active role in achieving the Sustainable Development Goals (SDGs). The Strategic Environmental Assessment (SEA) is integrated with the local go government medium term (5 year) development plan (RPJMD) to ensure sustainable development principles are embedded in planning documents. The local government budget is implemented to create policies that are orderly, lawful, efficient, economical, effective, transparent, responsible, equitable, appropriate and beneficial, aligning the financial management of the Ponorogo District Government with the SDG targets.

The local government budget for 2022-2023 in Ponorogo Regency is planned at IDR 2,561,276,028,803.00, consisting of: a) operating budget; b) capital budget; c) contingency budget; and d) transfer budget³².

The spatial planning vision for Ponorogo Regency, as outlined in the Spatial Planning and Regional Planning document, is to establish the region as an agropolitan and agribusiness center with a superior culture in East Java. The missions include the development of competitive agriculture, regional infrastructure to support agropolitan development and cultural centers, and an agribusiness center that promotes natural sustainability³³.

To achieve the spatial planning objectives, the green open space (RTH) in Ponorogo regency is expected to be at least 27,435.60 ha (20% of 137,178 ha) and targeted to reach 41,153.40 ha (30% of 137,178 ha) by 2032. According to Law No. 26/2007 of the Republic of Indonesia, a city should have at least 30% green open space. However, research by Brawijaya University Malang shows a decrease in public green space (RTH) from 71.64 ha in 2012 to 50.50 ha in 2016. This decline is attributed to development, which reduces open space functions and leads to suboptimal RTH management. The current RTH in Ponorogo district is concentrated in 7 city points, which is significantly lower than the target of 20% set by the Ministry of Environment³⁴.

During the last five years, Ponorogo Regency has also experienced rapid development in various aspects. The development has resulted in the reduction of open space functions and replaced with other functions that are not in accordance

³¹ <https://ponorogokab.bps.go.id/pressrelease/2023/03/03/61/pertumbuhan-ekonomi-kabupaten-ponorogo-tahun-2022.html>

³² Perda APBL Ponorogo Regency Year 2022

³³ Article 3 of the Regional Regulation of Ponorogo Regency Number 1 of 2012 concerning the Regional Spatial Plan of Ponorogo Regency Year 2012-2032

³⁴ Anggita Elvian Andryani and Sri Murtini, "Analysis of Green Open Space Availability Against Oxygen Needs in Ponorogo District, Ponorogo Regency," *Swara Bhumi* 3, no. 3 (2020), <https://ejournal.unesa.ac.id>.

with their designation. Based on research on the distribution of Green Open Space in the Ponorogo Regency city center using SPOT-7 high-resolution satellite imagery, it shows that the area of Green Open Space in 2018 in the Ponorogo Regency city center is 997.85 ha or 20.95% of the area of the Ponorogo Regency city center consisting of Public Green Open Space of 5.37% and Private Green Open Space of 15.58%. The distribution of RTH in the Ponorogo Regency city center tends to be clustered for parks and urban forests, elongated for road greenways, and spread for cemeteries³⁵.

Currently, the area of public green space in Ponorogo district is still quite low, which is only around 10 percent of the target set by the Ministry of Environment which is 20 percent. The available RTH is only centered in 7 points around the city, namely: Kelono Sewandono Park, Aloon-aloon Park, Pendopo Park, Selo Aji Park, Wonopringgo Park, Sukowati Statue Park, and Jeruksing Park.

The management of RTH in Ponorogo is not optimal because the local government prioritizes *face off* HOS Cokroaminoto and other main roads. So that the existing RTH is neglected. This shows that the results of the management of RTH carried out by the Ponorogo Regency government have not been thorough or comprehensive. The implication of this non-optimal RTH management is that the facilities that have initially been built will experience a decrease in quality and the people who enjoy these facilities do not get good quality³⁶.

Another problem related to alignment with the vision of sustainable development is also related to land conversion that is not in accordance with its designation. For example, in Regional Regulation No. 1/2012 on Spatial Planning, land is designated for agriculture, but in practice it is used for housing. As a result, the housing is not licensed because the regulations violate the rules and are not allowed. Another problem is that waste management is not explicitly regulated. This problem has resulted in the trend *overload of waste* in the Mrican landfill in Jenangan. Therefore, in the future, it is necessary to develop a green economy vision in the RTRW of Ponorogo development that is more comprehensive by developing a *reduce, reuse, recycle* waste processing site (TPS-3R) and the construction of an integrated waste management site (TPST) while adding a sustainable tourism sector.

Meanwhile, Madiun City is astronomically located at the coordinates of 7°-8° South latitude and between 111°-112° East longitude. The city has a strategic position as the center of regional activities in the western part of East Java. This position makes Madiun City the center of government services, trade, services, industry, education,

³⁵ Kartika Purnaning Ratri, "Mapping Green Open Space (RTH) in Ponorogo Regency City Center Using High Resolution Satellite Imagery," accessed October 10, 2023, <http://repository.ipb.ac.id/handle/123456789/95432>.

³⁶ Yhoga Hardy Wiratama, Wawan Sobari, and Ali Mashuri, "Implementation of Environmental Governance in Green Open Space (RTH) Management in Ponorogo Regency," *Brawijaya Journal of Social Science* 2, no. 02 (2023), <https://doi.org/10.21776/ub.bjss.2023.002.02.3>.

and health. Madiun City is a transit city that is quite strategic because it has a flat land topography so that it is an easy choice of route for bus and train transportation and supports hinterland areas that have well-known cultural and tourism potential.

The Madiun City area is almost completely bordered/surrounded by Madiun Regency and a small part by Magetan Regency with the following boundaries: the north is bordered by Madiun District of Madiun Regency, the south is bordered by Geger District of Madiun Regency, the east is bordered by Wungu District of Madiun Regency, and the west is bordered by Jiwan District of Madiun Regency and Takeran District of Magetan Regency.

Based on BPS Madiun City in 2020, Madiun City has an area of 33.23 km² which is divided into 3 (three) sub-districts, namely Manguharjo District, Taman District, and Kartoharjo District. The sub-district with the largest area in Madiun City is Kecamatan Taman with an area of 12.46 km² (37.50%), followed by Kecamatan Kartoharjo with an area of 10.73 km² (32.29%), and Kecamatan Manguharjo with an area of 10.04 km² (30.21%)³⁷.

In terms of topography, Madiun City is dominated by sloping lowlands that stretch from north to south. Madiun City in general is at an altitude of ± 63 meters above sea level (dpl). In the southern part of the region, the altitude reaches 67 meters above sea level and then decreases to 63 meters above sea level, while in the northern part of the city, the average altitude reaches 64 meters above sea level. The difference in altitude between one area and another is very small with an average land slope of 0-2% or can be said to be relatively flat. This condition is a great potential for the physical development of Madiun City in the future.

Madiun city is located in the Madiun river valley or Kali Madiun which is the largest tributary of the Bengawan Solo River. When viewed from the surrounding area, there is a series of mountains, namely to the east there is Mount Wilis (2,169 m), to the south stretches the Southern Chalk Mountains which have an altitude of between 500 m and 1,000 m above sea level. To the west of Madiun City, there is Mount Lawu (3,285 m) and to the north there is the Kendeng Mountains with an altitude of between 100 m-500 m above sea level.

In terms of geology, the structure and characteristics of land and potential content in Madiun City mostly consists of Aluvium and the soil type is alluvial. These soil conditions have high levels of minerals and organisms. This is because the soil type is a mixture of clay with fine sand that is gray-black in color with a fairly good water retention capacity and can absorb water. The soil type in Madiun City is alluvial, which has high levels of minerals and organisms.

³⁷ Madiun, *Madiun in Figures 2022*, Central Bureau of Statistics, 2023.

Madiun City is the center of the Madiun development area and its surroundings which have functions including: government service center, trade, services, industry, education, health for hinterland areas. Madiun City as a regional activity center (PKW) in the western part of East Java Province which functions as a service within the scope of the province.

¹⁷ Based on ³⁷ data from Central Bureau of Statistics (BPS) Madiun City, the amount of gross regional domestic product (GRDP) at current prices in 2022 in Madiun City reached IDR 15.82 trillion. Meanwhile, GRDP at constant prices reached IDR 11.11 trillion. This significant growth in GRDP was contributed by various business field contributions. There are five classes of business fields that make a big contribution. The largest in the Wholesale and Retail Trade sector: Car and Motorcycle Repair at 26.64 percent. Then, Information and Communication at 15.39 percent, Processing Industry at 13.27 percent, and Financial and Insurance Services at 10.01 percent, and Educational Services at 7.18 percent³⁸. Based on this data, the economic growth rate in Madiun City, in 2022, reached 5.52 percent. Up compared to 2021 which was only at 4.79 percent.

In a futuristic vision of regional development, region ³⁸ must pay attention to environmental aspects and sustainable development. This is stated in Law Number 32 of 2009 concerning Environmental Protection and Management that "The Government and Regional Governments are required to carry out Strategic Environmental Assessment (SEA) into the ¹² preparation of planning and evaluation of regional development plans, especially local go government medium term (5 year) ¹² development plan. Thus, the Madiun City 2019-2024 SEA is a guideline for preparing the ¹² local go government medium term (5 year) development plan³⁹.

So, in order to support the growth of sustainable regional competitiveness, spatial planning is one of the important things in future development planning while still considering the geographical conditions and potential for economic development in Madiun City as an urban area. Things that must be pursued in regional development are the development and distribution of infrastructure and increasing economic capacity in several priority areas.

If the level of basic infrastructure services in all areas is still low, it will have an impact on the limited ability of the local population to develop their potential ¹³ resources. The implementation of development in Madiun City in the future is ¹³ expected to be able to develop in order to improve the lives and welfare of the community in accordance with their potential.

³⁸ BPS Madiun City

³⁹ RPJMD Madiun City

Regarding the local government budgeting of Madiun City in 2022, it is planned to amount to Rp. 1,158,489,327,133.00 (one trillion one hundred fifty-eight billion four hundred eighty-nine million three hundred twenty-seven thousand one hundred thirty-three rupiah), consisting of: a) operating budget; b) capital budget; c) unexpected budget; and d) transfer budget⁴⁰.

In the 2010-2030 Madiun City Spatial Planning and Regional Planning (RTRW) document, there are several areas in Madiun City that have been prepared as development areas for agriculture, fisheries, livestock, plantations, industry, tourism, settlements, and the development of other activities. Although Madiun City is an urban area where the main point of development does not rely on the agricultural sector. However, in order to support the efforts of food sovereignty, which is a national priority, Madiun City is still trying to maintain the existence of the agricultural, plantation, fishery and livestock sectors. In addition, regional development in Madiun City is expected to focus on the development of high value commodities. Superior commodities will help increase regional income and community welfare.

The quality of the environment is something that needs to be a concern for every region in Indonesia. This is done to support sustainable development, one of which takes into account environmental aspects in an effort to improve the welfare of the community. To measure the quality of the environment, the Environmental Quality Index (IKLH) indicator is used, which consists of: Air Quality Index, Water Quality Index, and Land Cover Index.

The Environmental Quality Index (IKLH) is an index calculated based on the values of the Water Quality Index (WQI), Air Quality Index (AQI), and Land Cover Quality Index (LQI). The value of the IKLH can be used to assess organizational performance to improve environmental functions with the Environmental Quality Index indicator.

Based on the measurements that have been taken, IKLH Madiun City in 2016-2020 continues to increase. The IKLH value of Madiun City continues to show improvement with its value increasing every year. In 2016, the IKLH value was 60.15 and in 2019 it increased to 63.87.⁴¹ The 2020 data of 60.15 is due to the issuance of the Ministry of Environment and Forestry letter S-318/PPKL/SET/REN.0/12/2020 concerning changes in the calculation methodology which explains changes in the old methodology and the new methodology.

However, there is a greenhouse gas emission problem in Madiun City. Based on the results of the study, it shows that the value of greenhouse gas emissions in

⁴⁰ Article 7 Perda No. 3 of 2021 concerning the Madiun City APBD

⁴¹ Madiun City Environment Agency 2021

Winongo Landfill Madiun City from landfilling and composting activities since 2015 is 5905.59658 tons of CO₂ eq thn⁻¹ and projected in 2025 at 7461.38442 tons of CO₂ eq thn⁻¹. This has proven that greenhouse gas emissions at Winongo landfill in Madiun City have increased significantly every year⁴².

Based on the description of each region above, although their budget planning has launched a vision of sustainable development, both in the APBD and the RPJMD, the implementation and realization of development in Ponorogo District and Madiun City have not been aligned with the parent documents and regulations so that they have not fulfilled the green budgeting indicators comprehensively, namely efficiency, effectiveness, and significance.

This fact also confirms that although the idea of the importance of transitioning to a green economy has become a global commitment, including in development policies in Indonesia. However, the process of realizing the green economy in multi-sectoral regional development still faces many obstacles and requires a long way⁴³.

It requires active participation of various stakeholders in the region as well as an integral approach in realizing a green economy in the region.⁴⁴ The main indicators that must be the foundation of sustainable development in the region are economic, social and environmental factors. The calculation of these integral indicators must also be associated with identifying various factual problems that are methodological, methodical, and informational in each region.

1.3 Problems Of Islamic Green Economic Development In The Region

Good governance is the realization of solid and responsible development management in accordance with the principles of democratization, efficiency, and openness. Good governance in realizing development is not only the task of the government, but also rather requires the involvement of various elements of the nation, including the community and the private sector.

Good governance also means not only the implementation of economic development policies for the benefit of the people, but also for the prosperity of certain individuals or groups. In the context of Green APBD, it can be interpreted as a local

⁴² Alifitya Vicky Kiswadayani, Liliya Dewi Susanawati, and Ruslan Wirosedarmo, "Waste Composition and Potential Greenhouse Gas Emissions in Domestic Waste Management: Case Study of Winongo Landfill in Madiun City," *Journal of Natural Resources and Environment* 2, no. 3 (October 28, 2016): 9-15.

⁴³ Anastasia Y. Nikitaeva, Olga A. Chernova, and Lesego Molapisi, "Smart territories as a Driver for the Transition Sustainable Regional Development and Green Economy," *R-Economy* 8, no. 2 (July 13, 2022): 20-34, <https://doi.org/10.15826/recon.2022.8.2.010>.

⁴⁴ R. Adarina, Yu Gazukina, and Yankovskaya, "Indicators of the 'Green Economy' as a Tool for Monitoring the Regional Economy," *IOP Conference Series: Earth and Environmental Science* 395, no. 1 (November 2019): 012107, <https://doi.org/10.1088/1755-1315/395/1/012107>.

government budget that as a whole, both revenue, expenditure, and finance are in line with the spirit of environmental conservation.

Regarding the technicalities of the Green APBD, it starts with the General Directions and Policies of the APBD prepared by the Regional Government together with the DPRD. The General Directions and Policies of the APBD should contain environmental considerations and policies for its preservation. Environmental aspects, such as the realization of protected forest areas, decreasing levels of pollution, and environmental destruction should be included in the goals of the regional development agenda.

Sustainable social progress highlights that every human advancement has its own set of changes due to the interdependence of social, economic, and environmental sustainability. Environmental sustainability promotes economic growth and progress, while affirming the natural resource base and ecosystem services facilitated by ecosystems by reducing environmental degradation⁴⁵.

To overcome this climate crisis and environmental crisis, the global world then agreed on the concept of green economy as part of sustainable development. The green paradigm can be understood as an ideological framework that places human relations with nature as the basis (anthro-cosmocentric) with a commitment to increase development efficiency without sacrificing environmental sustainability. This trend was conveyed by Gibbs & O'Neill who stated that over the past 30 years there has been massive attention from various circles to the adverse effects of economic and industrial development through the green economy⁴⁶.

Indonesia's attention to the green economy was marked by the launch of the Green Economy Index (GEI) on August 9, 2022. The event coincided with the 3rd Development Working Group forum organized by the Ministry of National Development Planning/Bappenas and the G-20 forum (LCDI, 2022). In the future, the GEI will become a benchmark of Indonesia's achievements in the transition to a green economy, so as to achieve a balance between economic prosperity and social equity of society and mitigate the risk of environmental damage⁴⁷.

Indonesia's commitment was reaffirmed through President Joko Widodo's speech at the MPR Annual Session held on August 16, 2022. The President conveyed the importance of optimizing clean energy sources and green economy to realize an inclusive, just and sustainable Indonesia. This commitment also synergizes with the

⁴⁵ Jaime Alberto Romero-Infante et al, "Green Economy Metrics as a Promoter of Sustainable Development in Universities. Case Study: El Bosque University," *Journal of Sustainability Perspectives* 2, no. 0 (August 1, 2022): 439–48, <https://doi.org/10.14710/jsp.2022.15546>.

⁴⁶ Gibbs and O'Neill, "Future green economies and regional development."

⁴⁷ "Indonesia Launches Green Economy Index to Measure Sustainable Development Transformation," accessed October 10, 2023. <http://greengrowth.bappenas.go.id/>. See also <https://www.ekon.go.id>.

main agenda of the 2023 State Budget which has a vision of inclusive and sustainable economic transformation⁴⁸.

The vision of a green economy is ideally grounded in a vision of an economy that delivers prosperity for all within the ecological limits of the entire planet. This vision is based on five key principles, each of which draws on important precedents in international policy, and guides common economic reforms in various contexts.

First, the principle of Prosperity. A green economy enables all people to create and enjoy prosperity. The green economy is human-centered. The goal is to create genuine shared prosperity. A green economy focuses on the growth of wealth that will support well-being. This wealth is not just financial, but includes a range of human, social, physical and natural capital. It prioritizes investment in and access to the sustainable natural systems, infrastructure, knowledge and education needed for all people to prosper. It offers opportunities for environmentally sustainable and decent livelihoods, enterprises and jobs. Built on collective action for public goods, but grounded in individual choice.

Second, the principle of Equity. A green economy promotes equality within and between generations. It is inclusive and non-discriminatory. It shares decision-making, benefits and costs equitably; avoids elite control; and especially supports women's empowerment. A green economy promotes equitable distribution of opportunities and outcomes, reduces inequalities between people, and provides sufficient space for wildlife and wilderness.

It takes a long-term perspective on the economy, creating wealth and resilience that serves the interests of citizens in the future, while also acting immediately to address poverty and multidimensional injustice today. It is based on solidarity and social justice, strengthening trust and social bonds, and supporting human rights, workers' rights, indigenous peoples and minorities, and the right to sustainable development. It promotes the empowerment of MSMEs, social enterprises, and sustainable livelihoods. It seeks a rapid and just transition and bears its costs - leaving no one behind, enabling vulnerable groups to become transition agents, and innovating in social protection and retraining.

Third, the Planetary Boundaries principle. A green economy protects, restores, and invests in nature. An inclusive green economy recognizes and nurtures nature's multiple values - the functional value of providing goods and services that sustain the economy, the cultural value of nature that sustains society, and the ecological value of nature that sustains all life itself. It recognizes the limitations of natural capital that can be substituted for other capital, using the precautionary principle to avoid losing important natural capital and encroaching on ecological boundaries. Invests in

⁴⁸ Joko Widodo's State of the Nation Address, August 16, 2022.

⁶ protecting, growing and restoring biodiversity, soil, water, air and natural systems. Innovative in managing natural systems, based on their properties such as circularity, and aligned with local community livelihoods based on biodiversity and natural systems.

Fourth, the principles of Efficiency and Sufficiency. A green economy is geared towards supporting sustainable consumption and production. An inclusive green economy is one that is low-carbon, resource-efficient, diverse and circular. An inclusive green economy includes new models of economic development that address the challenge of creating prosperity within planetary boundaries. The green economy recognizes that there must be significant global change to limit natural resource consumption to physically sustainable levels if we are to remain within the planetary boundaries. It recognizes a 'social floor' of consumption of basic goods and services that are essential to meet human well-being and dignity, as well as a 'peak' of consumption that is unacceptable. It aligns prices, subsidies and incentives with the true costs to society, through mechanisms where 'polluters pay' and/or where benefits accrue to those delivering inclusive green outcomes.

Fifth, the principle of Good Governance. A green economy is guided by integrated, accountable and resilient institutions. An inclusive green economy is evidence-based - its norms and institutions are interdisciplinary, using robust science and economics and local knowledge for adaptive strategies. An inclusive green economy is supported by institutions that are integrated, collaborative and coherent - horizontally across sectors and vertically across levels of government - and with sufficient capacity to fulfill their respective roles in an effective, efficient and accountable manner. This requires public participation, informed consent, transparency, social dialogue, democratic accountability, and freedom from vested interests across all institutions - public, private, and civil society - so that enlightened leadership can be complemented by societal demand.

It encourages decentralized decision-making for local economies and management of natural systems while maintaining strong, centralized standards, procedures and compliance systems. The green economy builds financial systems with the goal of delivering prosperity and sustainability, shaped in safe ways to serve the interests of society. The green economy is a universal and transformative change to the global status quo. It will require a fundamental shift in government priorities. Realizing this change will not be easy, but it is necessary if we are to achieve the Sustainable Development Goals.

While in the Islamic perspective, the direction of development is divided into 3 objectives, namely: 1) Community-oriented, 2) Maslahah-oriented, and 3) Falah-oriented. Here is the demonstration:

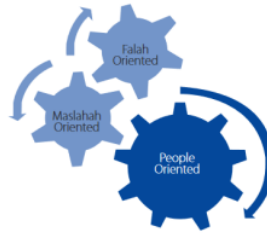


Figure 3. Orientation of Islamic Green Economic Development

The economic model of Islamic development is then formulated in the Integrative Multidimensional Economic Development Model (IMEDM). This model accommodates factors that are taken into consideration in formulating development plans and strategies in Islam and follows the principles, objectives, orientations and rules of Islamic development. In the IMEDM framework, the goal of development is to increase *maslahah*, which must fulfill the five components of *maqashid sharia*. Development is considered to occur when the level of this *maslahah* is always increasing over time. The level of *mashlahah* is also affected by the level of sustainability⁴⁹.

To see the direction of budgeting policies in the Mataraman region with a green economy perspective, it is also urgent to examine the RPJMD document of the East Java Provincial Government for 2019-2024. The Provincial RPJMD document in East Java is important because it is a reference for District / City Governments throughout East Java in preparing RPJMD documents in each District / City Government, including in the Mataraman region. The alignment of ideas in realizing orphan as a "Miniature Green Economy" aims to Regional Development Planning² of Districts / Cities throughout East Java which prioritizes green economic growth / green growth.

Green growth is essentially an approach to achieving a number of simultaneous goals that bring us closer to achieving true sustainable development, namely avoiding and reducing greenhouse gas emissions, building resilience to climate extremes and long-term change, using resources more efficiently, delivering sustainable and equitably distributed increases in GDP and living standards, and valuing natural capital that is often economically invisible despite supporting centuries of economic success. The definition of green growth is still evolving as countries experience what works and what doesn't work in implementing green growth.

² Planning for green growth needs to be integrated and comprehensive. It is important to understand the interdependencies between economic competitiveness¹⁰ and its implications for social development and environmental performance. Green growth is not only concerned with the rate of economic growth, but also with its

⁴⁹ A Jajang W Mahri et al, *Islamic Development Economics* (Jakarta: Bank Indonesia, 2021).

quality, i.e. the ability of growth to deliver economic, social and environmental benefits that improve the quality of life of people in all segments of society. Thus, the quality of growth is as important as the rate of growth itself.

There are five ideal green growth outcomes that need to be considered in regional development planning and design, and Mataraman is no exception. The five dimensions of green growth are expected to help stakeholders understand and measure the intersection of these outcomes. The five green growth outcomes are:

Sustainable economic growth highlights the importance of such sustainable economic outputs at the national, provincial and district levels (GDP). Such a sustainable economy generates widespread social development and prosperity. This growth can go beyond the industrial development model pioneered by developed countries that exploits resources and is not environmentally friendly.

Functioning and productive service-providing ecosystems highlight growth that sustains natural capital, especially natural reserves that supply a continuous flow of essential ecosystem services. These include clean water supplies, fertile soils, and functioning forests. They make an important contribution to economic growth and human well-being but are often overlooked in decision-making because they are not considered as a use in economic production. Green growth seeks to address this market failure.

Inclusive and equitable growth highlights growth for the benefit of people, those in urban and rural areas, the rich and the marginalized. This outcome is a key objective of green growth and is highly correlated with economic growth and environmental quality. Countries with higher levels of poverty and inequality tend to benefit more from green growth interventions.

Social, economic and environmental resilience highlights growth that builds economic, financial, social and environmental resilience and relates to the system's ability to withstand external shocks (e.g. adapting to the physical impacts of climate change, economic sector diversification, food security, currency and trade stability). Countries that are more exposed to the physical and resource impacts of climate change, and those that derive most of their GDP from resource-intensive sectors are likely to benefit more from green growth interventions.

Greenhouse gas emission reductions highlight the importance of low-carbon growth to contribute to global and national efforts to mitigate climate change and minimize future negative impacts on local and international communities. Countries with higher greenhouse gas emissions intensity have greater opportunities for cost-effective emissions reductions and have a more urgent need for assistance.

The five achievements of green economic growth above must then be measured using appropriate targets and indicators according to the realization of development

in the Mataraman region; especially Madiun City and Ponorogo Regency. So it needs to be measured whether Madiun City and Ponorogo Regency have established priority regions in responding to the challenges of developing issues and problems as the focus of implementing sustainable regional development programs. This is done because regional clustering has an important influence to streamline and optimize the potential of economic, social, cultural, and environmental resources in Madiun and Ponorogo. The determination of this area is organized in the formulation of regional Strategic Areas with details: 1) Strategic areas from the point of view of economic interests that affect the economic growth of the City/Regency; 2) Strategic areas from the point of view of social and cultural interests; and 3) Strategic areas from the point of interest of the function and carrying capacity of the environment.

Based on the opinion of Merilee S. Grindle, that policy implementation is determined by the content of the policy and its implementation context. The basic idea of Grindle's model is that after the policy is transformed, the policy needs to be translated into an action program or activity. Policy implementation does not always run smoothly, but will depend on the context of implementation, which consists of power, interests, strategies, actors involved, characteristics of the authorities and institutions, as well as compliance and responsiveness⁵⁰.

Referring to Grindle's approach, it can be examined that green development budgeting in Madiun City and Ponorogo Regency, there are at least 3 (three) aspects that can be seen to examine the implementation of the green economy in the Mataraman region. The three aspects include the legal aspect approach that will become the legal umbrella of green economy implementation, the planning document approach that will become the glue as well as the red thread of the direction of environmental development in the two regions, and the institutional approach where policy synchronization between institutions in the two regions is one of the success factors in policy implementation, including green economy development policies.

1.3.1 Legal Approach

Compliance and responsiveness is one of the important things in implementing a policy. Compliance and responsiveness will occur if there are adequate regulatory tools. Therefore, in the implementation of the green economy in the Bangka Belitung Islands Provincial Government, adequate regulatory tools are needed.

In the regulatory context, Law No. 32/2009 on Environmental Protection and Management (UU PPLH) does not provide the definition or characteristics of a green economy, but only regulates the environmental economy. Article 1 point 33 of the EE Law confirms that environmental economic instruments are a set of economic policies

⁵⁰ Solichin Abdul Wahab, *Policy Analysis and Formulation of State Policy Implementation* (Jakarta: Bumi Aksara, 2002).

to encourage the Government, both Central and Regional Governments, towards the preservation of environmental functions. The definition of preserving environmental functions is certainly not enough to be used as a criterion for a green economy. Given that the green economy is not only limited to environmental issues, but also issues of sustainable welfare, health, education and social justice. However, in the context of extensive legal interpretation, the understanding of the issue of preserving environmental functions can also be interpreted to include welfare issues and social justice issues.

Furthermore, the arrangements regarding environmental economic instruments contained in Article 42 and Article 43 of the PPLH Law explicitly do not define and provide characteristics of the green economy. However, if you examine the explanation of Article 42 and Article 43 of the PPLH Law, it is hoped that at the level of the implementing regulations, the PPLH Law can accommodate the characteristics of green economy in the principles of environmental economics and can eventually be outlined in the form of intermediate rules or implementing rules. Internalization of aspects of economic instruments into aspects of environmental protection and management can be accompanied by elements of green economy, so that the regulation not only covers aspects of environmental conservation but also aspects of welfare and social justice, as the main characteristics of green economy.

In the regional context, the Government of Madiun City already has a Regional Regulation of Madiun City No. 19 of 2011 concerning Environmental Protection and Management. Meanwhile, the Ponorogo Regency Government does not yet have a Regional Regulation on Environmental Management, and only has Ponorogo Regency Regional Regulation No. 7 of 200 concerning Domestic Wastewater Management and Regional Regulation No. 6 of 2021 concerning Management of Household Waste and Household Waste. So it is not surprising that in the RPJMD and RTRW local regulations, the green economy aspects are not clearly elaborated. Whereas ideally the presence of local regulations is expected to be a legal umbrella for local governments in implementing environmentally sound and sustainable development based on the 1945 Constitution. Like the PPLH Law, the local regulations in the two regions also do not specifically regulate the green economy, but in general regulate environmental management, especially household waste.

The application of the concept of green economy in laws and regulations governing environmental protection and management is not enough without being accompanied by presenting green economy arrangements in all aspects of the policy line. Especially in all sectors related to the field and / or development sector. More specifically, development activities that use natural resources as the basic material for their activities. This is where the synergy of the three pillars (economic, social and ecological) of sustainable development is important. Where economic development

activities based on natural resources and the environment are not only aimed at supporting economic development and growth, bringing a significant impact on improving people's welfare, but still prioritizing efforts to protect and preserve the environment.

1.3.2 Planning Document Approach

Green economic development in the region cannot stand alone. Green economic development is the impact of economic development that takes into account environmental aspects and sustainability in the region. Therefore, regional development planning documents that pay attention to environmental aspects and sustainable growth are important documents that will become key enablers in the implementation of the green economy. This planning document in the context of Grindle is a document that includes a policy implementation strategy.

In the context of development planning, the Regional Government has the Vision and Mission of the Regional Head, the Regional Medium-Term Development Plan (RPJMD), and the Regional Government Work Plan. These documents are strategic documents that contain the plans, targets and goals of the Regional Government within a certain period of time, as well as the glue and red thread of development direction within Madiun City and Ponorogo Regency. Therefore, green economy-based development must be the foundation of every regional development planning document made by the Government of Madiun City and Ponorogo Regency, so that in the future not only economic growth becomes the target and indicator of development success, but also the sustainability of environmental development and welfare.

So far in the two regions, both Madiun City and Ponorogo Regency, do not yet have a green economy development road map. So, as an initiative in implementing green economy-based development planning, it is necessary to create a green economy development road map that will be used as a strategic document to refer to the preparation of development planning, so that it is in line with the objectives of Green economy development. As an example, the two regions can reflect on the Bojonegoro district since 2021 through Bappeda has conducted a Forum Group Discussion related to the "Green Economy", to encourage human development and regional economic development by taking into account aspects of environmental sustainability and the design of green economy implementation in supporting sustainable development in Bojonegoro Regency⁵¹.

Then in August 2023, it prepared a green economy road map themed "Green Economy towards Golden Indonesia 2045." Even in the Regional Development Plan (RPD) submission meeting held on August 3, 2023, the Bojonegoro Government has

⁵¹ Bojonegoro, Focus Group Discussion "Green Economy", 2021

prepared the 2025-2045 ¹³ Regional Long-Term Development Plan (RPJPD) along with the Bojonegoro Regional Development Plan (RPD) which has been prepared for 2024-2026.

In the 2024-2026 RPD, the Bojonegoro Regency Government has developed seven major policy programs, including the green economy. In this program, every development must be environmentally sound and refer to sustainability and environmental sustainability. The document can then become a reference to be internalized in regional planning documents even when the regional head has changed.

1.3.3 Institutional Approach

¹ Although the green economy has become the mainstream of economic thought, so far the development of the green economy in Indonesia, especially in the regions, is still at a normative level, or at least does not yet have a significant proportion in the regional economic system. The concept of green economy has not fully become a reference in the regional development process. Currently, the implementation of development is still based on business as usual (BUA) assumptions.

As mentioned above, Gridle also mentions that power and institutions are one of the implementation contexts that affect the implementation of policies. In Indonesia, the issue of green economy is still a sectoral issue, so it is limited to certain ministries such as the scope of the Ministry of Environment and Forestry (KLHK) or on regional initiatives. In the context of the Mataraman region, especially the governments of Madiun City and Ponorogo Regency, currently the issue of green economy has not received significant attention. This can be observed both institutionally ¹² and in policy, there are no regional institutional policy documents specifically related to the green economy. Even in the local regulation as a legal umbrella and regional instrument, there is no specific regulation that contains road map rules and institutions that will carry out the management and development of a green economy. The management and development of the green economy could be in several institutions that carry out specific functions, such as regional development planning, public works and spatial planning, food, forestry, marine and fisheries. However, it is necessary to appoint one institution that will carry out the function of harmonizing planning, management and development of the green economy, for example mandated to BAPPEDA DLH so that the implementation of the green economy can be achieved properly.

⁵¹ The implementation of green economy budgeting in the context of regional development is in line with the principles of Islamic development based on maqashid al-syariah. This can be explained as follows:

The First, green economic budgeting includes maintaining religion (hifz al-din). Religion must be prioritized in determining the law. The religion that is the greenest or most concerned about the earth's environment (HR Abu Daud and Ibn Hibban), the whole earth is made into a mosque.

The Second, green economic budgeting includes maintaining the soul (hifz al-nafs), namely maintaining the right to live honorably and preserving the soul.

The Third, green budgeting includes maintaining the mind (hifz al-aql). A healthy environment often helps humans to think clearly and positively. Therefore, industries that go green play a role in creating an atmosphere that does not disturb people's minds.

The Fourth, green economy budgeting includes the preservation of offspring (hifz al-nasl). Efficient use of resources in the green economy concept is in line with maqashid al-syariah.

The Fifth, green economic budgeting includes the maintenance of property (hifz al-mal). A healthy economy always generates profits in the right way, and prevents economic activities that can desecrate personal property and the property of others.

CONCLUSION

Based on the discussion on the analysis, it can be concluded; *First*, green economy-based development is a necessity, given the increasingly uncontrollable environmental damage due to development. The development paradigm must change, from brown development that uses energy inefficiently (wasteful) and is not socially inclusive enough towards an environmentally friendly and sustainable green economy. Although the green economy has become the mainstream of economic thought, so far the development of the green economy in Indonesia, especially in the regions, is still at a normative level, or at least does not yet have a significant proportion in the regional economic system. The concept of green economy has not fully become a reference in the regional development process. Currently, the implementation of development is still based on *business as usual* (BUA) assumptions.

Secondly, although the Madiun City Government already has a Madiun City Regional Regulation No 19 of 2011 concerning Environmental Protection and Management and the Ponorogo Regency Government has a Ponorogo Regency Regional Regulation No 7 of 200 concerning Domestic Wastewater Management and Regional Regulation No 6 of 2021 concerning Household Waste and Garbage Management, it does not yet have a regional regulation that specifically regulates the green economy. Therefore, this legal umbrella is not yet comprehensive and will not have a significant impact in its implementation. Therefore, it is necessary to prepare a *road map* or *master plan* for economic development based on the green economy in the

two regions which will become a reference document in regional development planning. There is also a need for a coordinating institution that will carry out the function of harmonizing the planning, management and development of the green economy in all sectors in the region so that the implementation of the green economy can be achieved optimally.

As for the recommendations that can be given, the *master plan* should not change with the change of Regent or Mayor, so that sustainable development based on the green economy can be implemented properly. Changes to the master plan or *road map* cause unfinished development to be abandoned because of the new plan. The master plan must be adapted to environmental conditions and must be maintained even if it is related to the vision and mission of the regional head. Because with a well-organized master plan, it can achieve the development of various green economies. In addition, ideally the initial concept always involves the government and the community because cooperation between the government and the community will create perfect *environmental governance*.

DISCLOSURE

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this paper.

Funding Statement

This research received no external funding.

Authorship level Contribution

In my research, I, Yutisa Tri Cahyani, took on key roles in conceptualization, data curation, investigation, validation, and writing the original draft. My colleague, Lukman Santoso, assisted in conceptualization, data curation, and supervision. Sukron Ma'mun contributed to the formal analysis, methodology, and the critical process of reviewing and editing the manuscript. Together, our collaborative efforts were fundamental to the study's success.

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